

**STATE OF CALIFORNIA  
EMPLOYMENT TRAINING PANEL MEETING**

City Council Chambers  
915 I Street, Room 202  
Sacramento, CA 95814  
June 22, 2000

**PANEL MEMBERS**

John Duncan  
Chairman

Aram Hodess  
Vice Chairman

Clifford Cummings  
Member

Patricia A. Noyes  
Member

Tom Rankin  
Member

Laurel Shockley  
Member

Dan F. Trammell  
Member

Pat Williams  
Member

**Executive Staff**

Victoria Bradshaw  
Executive Director

Ada Carrillo  
Acting Assistant Director, Administration

Peter G. DeMauro  
General Counsel

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**I. CALL TO ORDER**

Chairman John Duncan called the public Panel meeting to order at 9:16 a.m.

**II. ROLL CALL**

Members Present

John Duncan, Chairman  
Aram Hodess  
Pat Noyes  
Tom Rankin  
Laurel Shockley  
Dan Trammell  
Pat Williams

Members Absent

Clifford Cummings

Executive Staff Present

Victoria Bradshaw, Executive Director  
Ada Carrillo, Acting Assistant Director  
Peter DeMauro, General Counsel

**III. APPROVAL OF AGENDA**

ACTION: Mr. Hodess moved and Ms. Williams seconded the Panel approve the meeting agenda as presented.

Motion carried, 7 – 0.

**IV. APPROVAL OF MINUTES**

ACTION: Mr. Trammell moved and Mr. Rankin seconded the Panel approve the minutes of the May 25, 2000, meeting as presented.

Motion carried, 7 – 0.

Chairman Duncan announced he has appointed Aram Hodess to the position of Vice Chair of the Employment Training Panel if there were no objections from the Panel. There were no objections.

## **V. REPORTS OF THE PANEL MEMBERS**

There were no reports from the Panel members.

## **VI. REPORT OF THE EXECUTIVE DIRECTOR**

Ms. Bradshaw reported it would not be necessary to have a publicly noticed Teleconference Meeting on June 28, 2000, since there is a quorum at today's meeting. The Teleconference Meeting was scheduled as a precaution to enable the Panel to act, before the end of ETP's fiscal year of June 30, on any business item that could not be considered if there was no quorum at today's meeting.

Ms. Bradshaw reported if the Panel approves all the projects presented today, the total amount of funding budgeted for training projects for this 1999-2000 fiscal year would be appropriated.

Ms. Bradshaw announced the information received from various entities throughout the state regarding multiple employer contracts would be compiled and presented to the Panel at the August Panel meeting.

## **VII. REPORT OF THE GENERAL COUNSEL**

The General Counsel had no report.

## **VIII. OLD BUSINESS**

There was no Old Business.

## **IX. PUBLIC COMMENT**

There were no members of the public who wished to comment.

## **X. CONSENT CALENDAR, FINAL AGREEMENTS AND PROPOSED AGREEMENTS**

### **Amendments**

#### **Xerox Corporation**

Diana Torres, manager of ETP's San Diego field office, presented an Amendment to the Xerox Corporation Agreement in the amount of \$124,800 adding 240 employees to be trained in management/technical, technical associates, customer service, computer skills, and business development skills. Training to date has enabled the company to successfully transition into advanced services, which requires "just-in-time" skill building for its incumbent workforce. Trainees have been provided skills to address rapidly changing technology and have been cross-trained to be able to perform rotational assignments to address Xerox clients growing and ever changing needs.

Mr. Rankin asked what job classification is paid the \$8.77 per hour. Ms. Torres replied that the wage of \$8.77 is paid to technical staff out-stationed in other companies.

ACTION: Ms. Shockley moved and Ms. Noyes seconded the Panel approve the Amendment as presented.

Motion carried, 7 - 0.

#### **iNetVersity/NovaQuest Infosystems**

Ron Tagami, manager of ETP's North Hollywood field office, presented an Amendment to iNetVersity/NovaQuest Infosystems Agreement in the amount of \$261,320. iNetVersity has enrolled 100 percent of the number they originally contracted to train. The Contractor's representative stated there is a continuing demand for Computer Skills training from local employers. To meet the needs of these businesses, iNetVersity proposes to retrain an additional 120 employees in Computer Skills.

Mr. Tagami introduced Chito Cajayon, Director of Workforce Development. Mr. Hodess questioned the effectiveness of the generic type of training being proposed. Because of concerns the Panel had regarding wages and classifications, Mr. Rankin recommended bringing the project back to staff for clarification. Ms. Williams seconded the recommendation. Mr. DeMauro stated that whatever action the Panel decides on this multiple employer project with regards to occupations, the Panel needs to be consistent across the board with other multiple employer contractors. Chairman Duncan declared this project be held over until the end of today's agenda to allow the Contractor to meet with staff.

## **Quality Plus Enterprises Technical Institute**

Mr. Tagami presented an Amendment to the Quality Plus Enterprises Technical Institute (QPE) Agreement in the amount of \$160,160 to retrain 110 employees in CAD/CAM, CAD/CAM II, and Quality Control. QPE is a private for-profit training agency that provides a skills-based training program specific to the manufacturing industry. The Contractor's representative stated that all classes would be comprised of 100 percent ETP participants.

Mr. Tagami introduced Michael Marek, President. Mr. Marek stated the program is customized to meet the needs of the employer and provide the skills necessary for the employees to obtain and keep manufacturing positions. Mr. Rankin voiced concern over wage levels as well as what appears to be generic. Mr. DeMauro stated the Legislature provides mandatory guidance on the statutory minimum wage that the contractors must meet. The employment shall provide earnings upon completion of the employment requirements equal to 50 percent in the case of new hire or 60 percent in the case of retraining of state or regional average hourly wage levels. Mr. DeMauro asked the Panel to consider its rationale regarding wages in occupations, industries, and regions when making wage decisions.

**ACTION:** Ms. Shockley moved and Chairman Duncan seconded the Panel approve the Amendment as presented. Chairman Duncan called for Roll call vote.

Motion failed, 4 – 3 (Mr. Hodess – no; Ms. Noyes –aye; Mr. Rankin – no; Ms. Shockley – aye; Mr. Trammell – no; Ms. Williams – no; Chairman Duncan – aye).

Ms. Noyes noted that the Panel did not approve this project even though the previous project was held over to resolve the same issues that are in this project. She stated if the Panel is not approving multiple employer contracts based on wage issues then the Panel needs to vote “no” consistently on all the multiple contracts that are being presented. Ms. Bradshaw voiced concern over the Panel making policy decisions based on individual contracts. Ms. Bradshaw stated meetings had been held this past month with various public entities addressing the multiple employer contracts and information that has been gathered will be brought to the Panel at a later date for review. Ms. Noyes expressed further concern over the Panel making individual policy decisions, thereby sending a message to employers that the process might be unpredictable. Ms. Williams stated she would like the Panel to review industry wide wages.

**ACTION:** Mr. Rankin moved and Ms. Williams seconded the Panel reconsider the denial of the Amendment and extend Panel's action until after the Contractor has consulted with staff.

Motion carried, 7 – 0.

## **KLA-Tencor Corporation**

Creighton Chan, manager of ETP's San Mateo field office, presented an Amendment to the KLA-Tencor Corporation Agreement in the amount of \$390,000 for an additional 750 retrainees. According to the Contractor's representative, KLA -Tencor Corporation is the world's leading supplier of process control and yields management solutions for the semiconductor and related microelectronics industries.

The initial proposal from the Contractor was for 1500 retrainees. However, in response to staff's concerns about the company's ability to deliver training to this number of employees, the company reduced the number of employees to be trained to 750 with the understanding that if the company demonstrated sufficient performance, the remaining 750 retrainees would be amended into the contract.

After the ETP funded training, KLA –Tencor will continue to invest in providing employees with new skills that will give KLA-Tencor the competitive edge to address customers' needs. The company representative states that KLA-Tencor will invest approximately \$4.4 million, company wide over the next 24 months to continue training their workers.

Mr. Chan introduced Lynne Stasi, Senior Manager, Corporate Training. Ms. Stasi stated the minimum wage rate after retention would be increased on the contract from \$9.30 per hour to \$14 per hour. Mr. Hodess complimented the company on this training project and the Company's commitment.

**ACTION:** Mr. Hodess moved and Mr. Rankin seconded the Panel approve the Amendment as presented.

Motion carried, 7 - 0.

## **Affymetrix, Inc.**

Charles Lundberg, acting manager of ETP's Sacramento field office, presented an Amendment to the Affymetrix, Incorporated Agreement in the amount of \$39,000 to retrain an additional 15 employees in production techniques. Affymetrix is a biotech firm whose researchers had invented technologies that could be applied to the creation of gene arrays, resulting in the invention and manufacturing of the GeneChip. Affymetrix has certified that this training supplements rather than displaces training and would not occur in the form and manner described without ETP funding.

**ACTION:** Mr. Rankin moved and Ms. Williams seconded the Panel approve the Amendment as presented.

Motion carried, 7 – 0.

## **XI. REVIEW AND ACTION ON AGREEMENTS AND AMENDMENTS**

### **One-Step Agreements**

#### **Comprehensive Training Systems**

Ms. Torres presented a One-Step Agreement for Comprehensive Training Systems (CTS) in the amount of \$311,200 to train 50 new hires in both office administrative personnel, with an emphasis on Medical office skills, and building maintenance technicians. This is the ninth project proposed by CTS, a private, non-profit training agency. CTS states that though the lowest placement wage for the current project was \$7.00 per hour, most trainees earn \$9 - \$12 per hour once they have completed the 90-day retention period.

Ms. Torres introduced Linda Blair Forth, President. Mr. Rankin asked Ms. Blair Forth if it makes sense to train someone at an average per trainee cost of over \$6,000 that only makes \$7.95 per hour? Ms. Blair Forth felt it is absolutely vital because this region is predominately comprised of small businesses with limited English speaking Hispanic people with limited skills.

**ACTION:** Ms. Williams moved and Ms. Shockley seconded the Panel approve the One-Step Agreement as presented. Chairman Duncan called for a Roll Call vote.

Motion carried, 5 ayes – 2 abstentions (Mr. Hodess - aye; Ms. Noyes – aye; Mr. Rankin – abstained; Ms. Shockley – aye; Mr. Trammell – abstained; Ms Williams – aye; Chairman Duncan – aye).

#### **dj Orthopedics, LLC**

Ms. Torres presented a One-Step Agreement for dj Orthopedics, LLC in the amount of \$291,642 retrain 432 employees in Business Skills, Continuous Improvement, Facilitator Training, Lean Manufacturing, and Management Skills. dj Orthopedics, LLC manufactures and markets orthopedic recovery products that provide solutions to patients and practitioners during the orthopedic recovery process. In order to provide effective products and services in an efficient and competitive manner, the company installed Toyota Sewn Products Management Systems to improve quality and efficiency to their manufacturing processes. A training needs assessment was conducted to identify required training. DJ Orthopedics, LLC has certified that the proposed training will supplement rather than displace existing training. In-kind contributions and/or Applicant paid training-related expenses not covered by ETP funds amount to \$700,00 and wages of employees paid during training amount to \$356,924. The Applicant requests a waiver to the regulatory prohibition to the use of out of state vendors on the basis that there is no vendor in California who provides the TSS equipment and associated manufacturing techniques training. dj Orthopedics, LLC states that this training is needed to provide its employees with skills to enhance the company's competitive position in the orthopedic recovery products industry, and will enable the company to adapt to a high performance workplace.

Ms. Torres introduced Kent Bachman, Vice President of Operations, and Karen Sanchez, Director Human Resources. Ms. Williams, Mr. Hodess, and Ms. Bradshaw stated their concerns regarding training a company would normally provide their employees when purchasing any new equipment. Mr. Bachman and Ms. Sanchez assured the Panel there is no one in California who not only provides the training on the TSS equipment, but also the specialized type of training they need for their unique processing. Ms. Bradshaw recommended approving the contract with the understanding that funding for out-of-state vendors in the future would not be allowed.

**ACTION:** Ms. Shockley moved and Ms. Noyes seconded the Panel approve the One-Step Agreement as recommended.

Motion carried, 7 - 0.

### **Foundation for Educational Achievement (Welfare to Work)**

Ms. Torres presented a One-Step Agreement for Foundation for Educational Achievement (FEA) in the amount of \$335,860. FEA is requesting ETP funding for a second welfare to work (W2W) project to train 70 new hires in Customer Service and Clerical Skills. To date, FEA has assisted in transitioning 153 individuals from W2W. FEA has established solid partnerships and will continue to work closely with area CalWORKS agencies, the San Diego Workforce Partnership, and Community Based Organizations. These organizations will provide necessary supportive services such as childcare, transportation assistance, and life skills counseling. FEA also has long-term relationships with a vast network of employers who repeatedly contact Foundation College when job openings occur. The information received from these long-term employers, coupled with the experience from FEA's current W2W contract, indicates that Customer Service occupations remain in high demand. FEA's Community Advisory Board and participating employers provide regular input to assure that the training delivered by FEA is industry specific and reflects the latest technological changes. FEA believes that if its W2W participants are to be successful at maintaining employment resulting in self-sufficiency, they must reach a wage that will sustain basic needs. However, due to the fact that a W2W trainee is often hired by more than one employer, there are instances when these participants must be placed at \$5.75 per hour. Under CalWORKS policy, a recipient cannot refuse a job based upon the starting wage, as long as the wage is at least \$5.75 per hour.

Ms. Torres introduced James Durbin, President, Rand Stallings, Project Coordinator, and Gerrie Fenton, Program Manager. Ms. Williams asked if any of the training hours are going to include structured on site training with the employer and will the employer actively participate. Ms. Fenton replied that some of the hours will be SOST and some of the employers do participate.

**ACTION:** Ms. Williams moved and Mr. Rankin seconded the Panel approve the One-Step Agreement as proposed.



Motion carried, 7 – 0.

### **GKN Aerospace Chem-tronics, Incorporated**

Ms. Torres presented a One-Step Agreement for GKN Aerospace Chem-tronics , Inc. in the amount of \$416,000 to retrain 800 of its current workforce in High Performance Workplace Skills that will be customized to the individual needs of each trainee. GKN Aerospace Chem-tronics designs and builds major components for jet engines for both commercial and military applications. The Contractor states its in-kind contribution for training and training related expenses not covered by ETP funds are estimated at \$166,281 and wages of trainees paid during training are estimated at \$495,360. In a two-year period following ETP-funded training, the Company expects to provide additional training that will reinforce the skills acquired at an estimated cost of \$300,000.

Ms. Torres introduced Susie Custodia, Manager.

ACTION: Ms. Williams moved and Mr. Trammell seconded the Panel approve the One-Step Agreement.

Motion carried, 7 - 0 .

### **Government Employees Insurance Company (GEICO)**

Ms. Torres presented a One-Step Agreement for Government Employees Insurance Company (GEICO) in the amount of \$147,866 to retrain 173 employees in Continuous Improvement, Business Skills, and Computer Skills. GEICO requests the Panel's consideration in a waiver to their turnover rate. According to company representatives, GEICO's current turnover rate is 23 percent. The Contractor states that their turnover rate averaged 13 percent through calendar year 1996. However, beginning in 1997, the company began an exceptional growth period that is continuing today. Company representatives state that the continued growth of the company together with a very low unemployment rate in San Diego County and the Company relocating its facility contributed to higher than expected turnover rates in 1998 and 1999. The Company has determined that the biggest percentage of their overall turnover rate is due to voluntary quits.

Staff recommended the Panel approve GEICO's request for a waiver to the turnover rate. Staff also recommended that specific turnover language be included in the Agreement, which states that the Contractor will earn the final 25 percent progress payment for each trainee only if the Contractor achieves an average turnover rate of 23 percent or less in the last 12 months of the Agreement.

Ms. Torres introduced Donald Lyons, Regional Vice President, and Lucinda King, Planning and Control Supervisor. Mr. Lyons explained the reasons for the turnover rate and believes the proposed training will enable the Company to significantly

decrease the turnover. Mr. Lyons also stated he would change the minimum wage rate to \$12 per hour.

**ACTION:** Ms. Williams moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **ORA Corporation d.b.a. Delimex**

Ms. Torres presented a One-Step Agreement for ORA Corporation d.b.a. Delimex in the amount of \$614,112 to retrain 544 employees. Delimex manufactures Mexican frozen food products. In response to increased competition and to increase market share, Delimex must move to a high performance workplace. Work processes must be standardized to improve the quality of company products, and employees will be trained in lean manufacturing techniques to reduce variation in work processes, improve work and materials flow, and improve inventory management and workplace organization. The Company's in-kind contribution for training and training related costs not covered by ETP funds is approximately \$236,576 and wages of employees paid during training amounts to approximately \$357,120.

Ms. Torres introduced Jayme Merdzinski, Human Resource Manager, and Guillermo Calderon, Operations Manager.

**ACTION:** Ms. Shockley moved and Ms. Williams seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0 (Mr. Rankin was absent during the vote).

### **Quintiles, Incorporated**

Ms. Torres presented a One-Step Agreement for Quintiles, Inc. in the amount of \$610,130. Quintiles specializes in designing, managing, and analyzing the results from scientific clinical trials that test the efficiency of new drugs and medical devices. To avoid layoffs in California, improve its competitive position worldwide, and meet their goal of top-level productivity and quality, Quintiles seeks ETP funds to support critical training for 783 full-time employees in Commercial Skills, Business Skills, and Computer Skills. The Company has certified that without the proposed training, California employees are likely to be displaced. Company representatives recognize that unless a formal, structured training program is initiated, Quintiles stands to lose many of its global contracts and customers. The Contractor has certified that in addition to ETP funds, they project to have training costs and other training related expenses in the amount of \$500,00 and wages to be paid to employees during the training in the amount of \$1,071,000. The Contractor projects that at least \$1.5 million per year will be expended on training in the two years following the ETP training.

Ms. Torres introduced Deo Garlock, Vice President Quality Management.

ACTION: Ms. Noyes moved and Mr. Trammell seconded the Panel approve the One-Step Agreement as presented.

Motion carried, 7 – 0.

### **Quality Plus Enterprises Technical Institute (Revisited)**

Mr. Tagami announced that Quality Plus Enterprises Technical Institute is withdrawing their proposal from the Panel this month and will bring back to the Panel next month.

### **iNetVersity/NovaQuest Infosystems (Revisited)**

Mr. Tagami reported iNetVersity is proposing that 25 percent of the trainees will be paid \$10.44 per hour after retention period and 75 percent of the trainees will be paid \$12 per hour after retention period.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the Amendment as proposed.

Motion carried, 7 – 0.

### **Advanced Computing Institute (Welfare to Work)**

Mr. Tagami presented the second One-Step Agreement for Advanced Computing Institute (ACI) in the amount of \$297,000. ACI proposed to train 10 eligible Welfare to Work (W2W) participants and 25 currently unemployed individuals in Computer Skills. The training project's costs are based on ETP's fixed fee rate and do not include the 8 percent support cost since the fixed-fee rate is comparable to the school's published rates. In addition, the wage after retention period was negotiated to be \$15 per hour for new hires and \$8 per hour for W2W trainees. These wages may include health benefits. This project was first submitted to the Panel in May but was not approved because of questions regarding placement of trainees with eligible employers. Under the prior ETP contract, ACI placed 25 trainees, 5 whom were with temporary employment agencies. ACI received credit for three of the five trainees. The Contractor has been reminded of the Panel's regulation 22CCR 4427 which permits placement of trainees with temporary employment or contract employment agencies only if all other placement options have been exhausted, the number placed is limited to 10 percent of the actual number of all new hire placements, and the placements were not planned at the outset of the project. Staff recommended the Panel approve the project only if the Contractor sufficiently satisfies the Panel that job placements with temporary or contract employment agencies will not be in excess of those allowed under the law.

Mr. Tagami introduced Daniel Mainea, President. Mr. Hodess expressed concern over the effectiveness of employment. He noted that the employers that are going to be retaining these trainees are not identified. Ms. Shockley was concerned about "over" training individuals.

ACTION: Mr. Hodess moved and Mr. Trammell seconded the Panel deny this project.

Motion carried, 7 – 0, the project was not approved.

### **City of Anaheim Job Training Program Division (Welfare to Work)**

Mr. Tagami presented a One-Step Agreement for City of Anaheim in the amount of \$510,700 to retrain 100 workers in Business Fundamentals. This is the second W2W project for the City of Anaheim. The intent of this second project is to continue to offer support to welfare recipients after they go to work in order that they remain securely employed by providing training to improve job performance, reduce turnover, and increase earned income. Two groups of workers will be targeted: persons who are newly hired, and persons who have worked a short time but have not made a full adjustment into the work world. Both groups will receive intensive structured mentoring and coaching in life skills and job skills. The City of Anaheim will subcontract with the participating employers to provide a portion of the structured, on-site training hours. Project administrative duties will be shared by the City of Anaheim and UAW-LETC.

Mr. Tagami introduced Ruben Aceves, Manager.

ACTION: Mr. Rankin moved and Ms. Noyes seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0 – 1 (Ms. Williams abstained).

### **Garment Contractors Association of Southern California, Incorporated (SET)**

Mr. Tagami presented a One-Step Agreement for Garment Contractors Association of Southern California, Incorporated. This project was brought to the Panel's attention through the Trade and Commerce Agency. This Agreement is a pilot project that will utilize Special Employment Training funds in the amount of \$307,680 to retrain 600 workers who currently possess only basic skill levels and other barriers that hinder their performance, earning potential, job security, and upward mobility in the industry. The Garment Contractors Association of Southern California is a nonprofit, educational trade organization that represents the garment contracting businesses of Southern California. Its purpose is to provide education to promote the highest quality workmanship and business practices, thus contributing to the viability and reputation of the domestic garment and sewn products manufacturing industry. To implement this pilot project, the Contractor is requesting waivers to ETP requirements on the minimum wage of \$9.57-\$10.44 per hour to \$5.75 per hour; and SOST to class/lab ratio of 19:1, which exceeds the current 2:1 guideline. The Contractor states that without these waivers, no significant training for frontline workers can take place. Although the apparel industry does have a large number of higher paying jobs, most entry –level positions in production sewing and garment handling start at minimum wage. The Contractor believes that assistance for the production side of the industry will offer an opportunity to those workers to improve their skills and provide upward mobility in one of the several career paths while

improving overall competitiveness of every participating employer. The Contractor states that training for a garment production worker is most effective if it involves primarily a hands-on approach. The skills used in creating a garment do not require a great deal of theory or lecture. Staff recommends that the Panel approve the One-Step Agreement with the proviso that the ratio of 1 hour of class to 19 hours of SOST be approved as a pilot study for this project only.

Mr. Tagami introduced Joseph Rodriguez, Executive Director. Mr. Rankin questioned the lack of companies with union representation and also asked if the results of increased productivity get passed on to the workers. Mr. Rodriguez stated that the union is not active in Southern California as it is in Northern California. The increased productivity will allow the companies to provide more job stability and more formalized cross training for their workers.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement as recommended.

Motion carried, 7 – 0.

### **Orange County Container**

Mr. Tagami presented a One-Step Agreement for Orange County Container in the amount of \$333,136 to retrain 212 employees in Continuous Improvement in order to transition to a high performance workplace. Orange County Container is engaged in state of the art design, printing, lamination, die cutting, and manufacturing complete packaging related products. This project has the support of Graphic Communications Union, District Council No. 2.

Mr. Tagami introduced Dan Domino, Vice President of Operations, Orange County Container; and Bill Vowinkel, Chief Steward, Graphics Union. Mr. Vowinkel assured Mr. Rankin that, although the Union was not involved in the actual structuring of the curriculum, the Union is in full support of the project.

ACTION: Mr. Rankin moved and Mr. Trammell seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **SR Technics America**

Mr. Tagami presented a One-Step Agreement for SR Technics America in the amount of \$1,649,128 to retrain 1,107 employees in Business Skills, Computer Skills, Commercial Skills, and Manufacturing Skills. This Agreement came to ETP through the work of the Trade and Commerce Agency. SR Technics provides aircraft maintenance services to customers that operate aircraft around the globe. The SR Technics facility located in Palmdale, California is intended to be the flagship facility for operations on the North American continent.

Mr. Tagami introduced Alex Kugler, CEO, SR Technics; and Gordon Fast, Director of Training, Antelope Valley College. Mr. Rankin stated he was familiar with salary range for airline mechanics and was concerned with the difference he sees in the salaries being presented. Mr. Kugler explained the lowest range salary of \$10.50 per hour is for the young, untrained, newly hired individuals. The Company is also intending to incorporate an apprenticeship program.

**ACTION:** Mr. Trammell moved and Ms. Williams seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Thrifty Payless, Incorporated**

Mr. Tagami reported the One-Step Agreement for Thrifty Payless, Incorporated has been withdrawn from consideration at this month's Panel meeting.

### **Westech College, Incorporated**

Mr. Tagami presented a One-Step Agreement for Westech College, Inc. in the amount of \$973,000 to retrain 700 currently employed workers in Computer Skills. This is the eighth Agreement between Westech College and ETP. The majority of the companies participating in this Agreement are from the manufacturing and service industries representing engineering, architecture, surveying, mapping, environmental consulting, transportation, and communication businesses.

Mr. Tagami introduced Barry Maleki, Executive Director. Mr. Rankin was concerned about the salary of only \$10.44 per hour for engineers, drafters, architects, and designers. Mr. Maleki explained that the \$10.44 per hour wage rate is for entry level drafters, primarily high school graduates lacking the CADD training. Mr. Rankin requested, in the future when there are several job classifications, wages be itemized by classification. Mr. Trammell was concerned with the customization of the training and also asked Mr. Maleki if the trainees are being paid by their employers while they are in training. Mr. Maleki stated the trainees are salaried workers and attend classes in the evening after working hours. Ms. Williams and Mr. Hodess expressed concern about trainees taking classes after normal working hours and not being paid by the employers if training is considered mandatory. Mr. Hodess stated he feels the key to success in the training program is that employers have an active role in the program including an in-kind contribution, which he did not believe to be elements present in this project. Ms. Bradshaw stated there have been two public hearings on this issue and the information compiled will be brought to the Panel at the August meeting.

Ms. Bradshaw directed staff to itemize/distinguish job classifications/occupations within job numbers on future projects coming before the Panel.

**ACTION:** Mr. Rankin moved and Ms. Williams seconded the Panel deny the One-Step Agreement request from Westech College, Inc.

Roll call vote was taken. The Motion to deny the project carried, 4 – 3 (Mr. Hodess - aye; Ms. Noyes – no; Mr. Rankin – aye; Ms. Shockley – no; Mr. Trammell – aye; Ms Williams – aye; Chairman Duncan – no).

### **American National Can Company**

Mr. Chan presented a One-Step Agreement for American National Can Company (ANCC) in the amount of \$90,772. The San Leandro plant of American National Can produces the flip-top ends of cans. This project will fund training at the ANCC plant in San Leandro where 73 full-time Californians are employed. In order to maintain its customer relationships and further expand its market share, ANCC is implementing the principles of “Lean Manufacturing” and reevaluating and improving its production processes in order to become a high performance workplace. Employees are now required to have, or to acquire, high skill levels in teamwork and problem solving, and be able to perform maintenance, trouble-shooting, and repair on multiple machines. The ultimate goal of this extensive retraining effort is to reduce downtime, improve product quality, ensure on-time deliveries, and meet increased customer demands. A successful retraining effort will result in increased sales volume, greater market share, and long-term employment prospects for ANCC’s workforce in San Leandro.

The International Association of Machinists and Aerospace Workers, District Lodge No. 190 of Northern California, which represents 61 of 72 employees to be retrained under this Agreement, has participated in the planning of training for its members at ANCC, and supports the ETP proposal. The Contractor stated that training and training-related costs not covered by ETP funds will total at least \$61,000; wages paid to employees during the ETP training will cost the Company \$288,525, for a total in-kind contribution of \$349,525.

Mr. Chan introduced Mark Scales, Plant Manager, and Robert Silva, Plant Controller, American National Can; and Herman Howell, Administrative Assistant, Machinists Automotive Trades Union.

ACTION: Ms. Williams moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Andersen Consulting LLP (SET)**

Chairman Duncan relinquished the gavel to Vice Chairman Hodess.

Mr. Chan presented a One-Step Agreement from Andersen Consulting LLP. This project will use Special Employment Training (SET) funds under Section 10214.5 (a)(1) to train frontline workers in occupations that pay 95 percent of the state’s average hourly wage, in businesses difficult to serve under the Panel’s standard project format. Andersen Consulting LLP is a global business and technology consultant firm whose mission is to assist its customers change by aligning their employees, processes, and technology with company strategy. The company

employs 2,200 Californians on a full-time basis to serve its customers in the following industries: automotive and industrial equipment, banking, chemicals, electronics and high technology, energy, government, media and entertainment, natural resources, pharmaceuticals and medical products, transportation and utilities. In California, Andersen Consulting has offices in Palo Alto, San Francisco, San Ramon, Los Angeles, and Walnut Creek.

Andersen Consulting states that its future lies in developing employee skills in the growing eCommerce market. The company is requesting the Panel's assistance to fund retraining of 297 of its consultants, specialists, and analysts (the front-line workers in this industry) in emerging eCommerce Systems Delivery and Web Page Design and Development. At the completion of training, trainees will be able to work with customers to design and build a web site, connect a website to a database application, link the website to a server, and create and update programming languages such as HTML, JavaScript, and Visual Basic.

Training and training-related costs not covered by ETP funds will total \$1,996,600 and wages of employees paid during training will total \$1,146,227.

Andersen Consulting reports a turnover rate for full-time California workers during the calendar year 1999 of 32 percent. During the previous two years, the turnover rate was 20 percent for both years. According to the company, the significantly higher turnover rate during 1999 was an anomaly as a result of the lure to its employees of "dot.com's". Those employees who have left Andersen Consulting have left to use the skills obtained at Andersen at dot.com and other technology companies and start-ups. The factors generating employee turnover have lessened as the stock market cools and start-up companies appear less secure. Andersen Consulting states that the training outlined in this proposal, combined with a number of other initiatives, will allow the company to bring its turnover rate to below 20 percent by the end of this Agreement. These initiatives include: (1) to reward employees with ownership units in the firm's assets; (2) reviewing and revising base compensation and bonuses; (3) implementation of more quality of life initiatives such as flexible work arrangements; and (4) an increased focus on employee development needs, especially in the area of training.

The Contractor shall earn the final 25 percent payment for each trainee only if Contractor achieves an average turnover rate of 20 percent or less for the last 12 months of the contract. If contractor fails to achieve the required turnover rate, the ETP shall make any adjustments to the amount paid versus the amount earned at final closeout.

Mr. Chan introduced Jamés Shachoy, Managing Partner and Eric Anderson, Manager.

ACTION: Ms Williams moved and Ms. Noyes seconded the Panel approve the One-Step Agreement.  
Motion carried, 6 – 0 – 1 (Chairman Duncan abstained).



Chairman Duncan resumed his authority.

### **Bayer Corporation**

Mr. Chan presented a One-Step Agreement for Bayer Corporation in the amount of \$948,460. Bayer's Pharmaceutical Division, located in Berkeley, CA, serves as the headquarters for Bayer's worldwide biotechnology business. This site houses two major functions: Biological Products, (which manufacture protein drugs from human plasma) and Biotechnology, (which provides research and development of protein drugs using DNA technology). This state-of-the-art facility employs 1,100 workers in occupations ranging from biological analysts, research operators, animal caretakers, sterile processing technicians, filling and packaging operators, maintenance and warehouse clerks.

As technology changes, the pharmaceutical industry is constantly introducing new products. Changes in health care reforms are pressuring the industry to lower pharmaceutical costs. This requires Bayer to reduce manufacturing costs and become more efficient in its manufacturing processes, thus eliminating the excessive product waste that they are currently experiencing. By the end of the ETP training, Bayer expects that employees will know how to use new procedures properly in accordance with newly developed standards. Cross-trained employees will be more skilled and aware of the whole production process and how each process depends on the other to achieve higher quality.

This project has the support of the International Longshore and Warehouse Union, Local No. 6, which represents 418 of the 470 employees to be retrained under this Agreement.

Bayer certifies that it will spend approximately an additional \$300,000 in training and training-related costs not covered by ETP funds and will pay approximately \$1,000,000 in wages to employees during the ETP training program.

Mr. Chan introduced Paul May, Site Controller, and Ray Johnson, Director of Human Resources, Bayer Corporation; and Denise Finch, President, Cre8tive Training Solutions.

**ACTION:** Ms. Williams moved and Ms. Shockley seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Seagate Recording Media Corporation**

Mr. Chan presented a One-Step Agreement for Seagate Recording Media Corporation in the amount of \$263,120. Seagate Recording Media Corporation is the world's largest manufacturer of disc drives, magnetic disks and read-write heads, an innovator in tape drives, and a leading developer of software for enterprise information management. This project was initially presented to the Panel in March

2000, with a waiver request that the Panel approve the Contractor's petition to use an out-of-state vendor. Because the Panel was unconvinced of the need for said vendor, the project was not approved. Since that time the Contractor has retained two California trainers to deliver the required instruction. Seagate has invested approximately \$30 million in the design and development of its Six Sigma project in order to remain competitive with foreign manufacturers. The \$30 million cited did not begin to cover implementation of its Six Sigma training which is critical to helping staff change the way they conduct business, such as introducing faster development cycles, faster production ramps, higher quality, and lower prices. All instruction, other than the Six Sigma training provided, will be covered by the Contractor. Seagate estimates it will incur \$582,666 in wages paid to trainees.

Mr. Chan introduced Keith Goodson, Executive Director Special Projects. Mr. Rankin was concerned with the wage range of \$16 per hour for engineers. Mr. Goodson stated he would have no problem changing the contract from \$16 per hour to \$20 - \$25 per hour.

ACTION: Ms. Williams moved and Ms. Noyes seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Sun Microsystems, Incorporated**

Mr. Chan presented a One-Step Agreement for Sun Microsystems, Inc. in the amount of \$4,878,965 to retrain 4,557 employees in Continuous Improvement, Computer Skills, and Manufacturing Skills. This will be the third ETP project with Sun Microsystems, Inc. Mr. Chan reported that Sun Microsystems, Inc. will increase their lower range of wages from \$11.38 per hour to \$19 per hour. Sun Microsystems, Inc. seeks funding from ETP for what the Company describes as the second phase of a training program to complete the High Performance training initiative begun in June 1998. During the two years of Sun's first ETP program, the Company spend over \$12 billion expanding its infrastructure in California and invested approximately \$99,196,165 of its own funds to cover direct training costs for its California employees during the Agreement period. The Company's biggest challenge was aligning its workers with the new systems, tools, products, and procedures that had been installed. A majority of the trainees had been with the Company for many years and required significant retraining. Since the start of its current ETP Agreement, an estimated 4,000 new California workers have been hired by Sun Microsystems.

Sun Microsystems estimates training and training-related costs not covered by ETP funds to be \$115,072,600 and wages paid during training to be \$148,211,626.

Mr. Chan introduced John Aleck, Manager of Training and Development, Laura DeBacker, Director; and Tom Kristy of Verilogix. Mr. Hodess commended Sun Microsystems, Inc. for their training program.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Autodesk, Incorporated**

Mr. Lundberg presented a One-Step Agreement for Autodesk, Inc. in the amount of \$423,226 to retrain 552 workers. Autodesk, Inc. develops and produces high performance software for a wide range of customers who design, draft, draw, and diagram as part of their jobs. Due to the marketplace changes brought about by the Internet, customers are no longer content with stand-alone systems. They are demanding systems that are web-based and that support collaboration among groups of workers. Autodesk is launching new technologies that include web-based products based on existing software, browser-based software that uses the web to enhance the design process, and market-specific portals for project collaboration, services, and e-commerce with suppliers. To ensure the success of these ventures, Autodesk employees need improved skills to make the transition to web-based technology. The purpose of Autodesk's application is to enable current workers to convert from developing programs for stand-alone systems to creating Internet applications.

Autodesk estimates training and training-related costs to be \$375,000 and wages of employees to be paid during training to be \$460,000.

Autodesk has requested to provide ETP funded videoconference/computer-based training. Due to time constraints, ETP staff has not been able to evaluate this portion of the requested training to determine whether the training is videoconferencing or computer-based training. ETP staff will evaluate this portion of the training and make a determination if the project is approved by the Panel. Based on the evaluation, the Contractor may request an Amendment to add the training to the ETP Agreement.

Mr. Lundberg introduced Barbara Straw, Technical Training Manager. Mr. Rankin asked for identification of those employees being paid \$10.44 per hour. Ms. Straw stated those trainees being paid \$10.44 per hour are persons who are high school graduates entering the engineering intern program and the Project Coordinators who are clerical staff that place data information on the web page.

ACTION: Mr. Trammell moved and Ms. Williams seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

### **Greenheck Fan Corporation**

Mr. Lundberg presented a One-Step Agreement Greenheck Fan Corporation in the amount of \$119,000 to retrain 89 employees. This project was brought to the Panel through the efforts of the Trade and Commerce Agency. Greenheck equipment is used for commercial, institutional, and industrial buildings in applications from comfort

ventilation to manufacturing processes. Greenheck is implementing a world class manufacturing methodology and is changing to become a high performance workplace. Greenheck will begin to manufacture additional product lines in California with the completion of a new 106,000 square foot manufacturing facility in Roseville. These additional lines are much more complex than the products currently being manufactured. The manufacturing of the new lines require skills that the current workforce does not possess. The Sheet Metal Workers' International Association Local Union supports this training project.

The applicant also certifies that the Company projects it will incur training related costs in the amount of \$140,000 for employee wages paid during training.

Mr. Lundberg introduced Kathleen Drengler, Training Coordinator, Eric Malm, Operations Manager; and Robert Givens, President, Sheet Metal Workers International Association Local Union No. 37.

ACTION: Mr. Rankin moved and Ms. Williams seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

#### **Robert Mondavi Corporation, d.b.a. The Robert Mondavi Winery**

Mr. Lundberg reported the One-Step Agreement for Robert Mondavi Corporation has been withdrawn from consideration at this month's Panel meeting.

#### **XII. PUBLIC COMMENT**

Steve Duscha encouraged the Panel to schedule a policy decision session to address wage related issues.

#### **XIII. EXECUTIVE SESSION**

The Executive Session was postponed until next month's Panel meeting.

#### **XIV. STUDY SESSION FOR PANEL MEMBERS**

The Study Session for Panel Members was postponed until next month's Panel meeting.

#### **XV. ADJOURN**

There being no further business and no objection, the Panel adjourned at 1:55 p.m.